



First Capital

PROVISIONAL FINANCIAL STATEMENTS

Six Months ended
30th September 2021

FIRST CAPITAL WEALTH FUND

CONTENTS

	Pages
Fund Manager's Report	1-2
<u>Financial Reports</u>	
Statement of Profit or Loss and Other Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Unitholders' Funds	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-11

REPORT OF THE MANAGER

We have pleasure in presenting the Unaudited Interim Financial Statements of First Capital Wealth Fund (the Fund) for the six months ended 30th September 2021.

Fund Performance

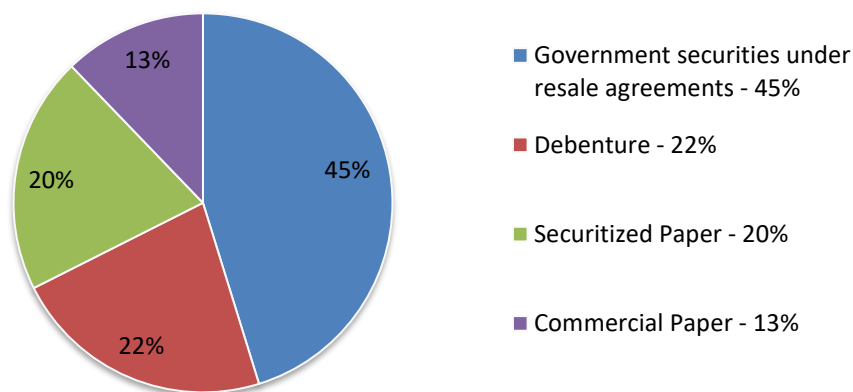
First Capital Wealth Fund reported a Profit after Tax of Rs. 6.2Mn for the six months ended 30th September 2021 compared to Rs. 19.7Mn in the correspondence period of the previous year. The lower Profit after Tax reported for the period under review is as a result of the fair valuation losses on fixed income securities portfolios amounting to Rs. 4.1Mn (2020/21 – fair valuation gain of Rs. 4.6Mn was reported).

The Fund reported an Annualised Return of 4.80% for the six months ended 30th September 2021 compared to 5-year treasury bond yield (base yield) of 9.15% (source: Central Bank of Sri Lanka - *Daily Reports*; <https://www.cbsl.gov.lk/en/pd-daily-report>. 5-year treasury bond (risk free return) is used to evaluate the performance of the Fund which denotes the return over the risk-free return since there is no appropriate benchmark index for the Fund).

The Annualised Return reported in the corresponding period of the previous year (2020/21) was 14.15% compared to 5-year treasury bond yield of 6.67% (source: Central Bank of Sri Lanka - *Daily Reports*; <https://www.cbsl.gov.lk/en/pd-daily-report>). The Funds Under Management as at 30th September 2021 was Rs. 263.9Mn compared to Rs. 262.5Mn at the beginning of the year (The Fund's yield is variable and subject to change. Past performance is not an indicator of future performance).

Asset Allocation as at 30th September 2021

The Asset Allocation of the Fund as at 30th September 2021 is as follows.



Appreciations

We take this opportunity to thank our valued unitholders for the trust and confidence placed in us. We also place on record our appreciation for the support extended by the Securities and Exchange Commission of Sri Lanka and our Trustee, Bank of Ceylon.

We express our sincere thanks to the Board of Directors, Management Team and Staff of the First Capital Asset Management Limited for their contribution towards our performance.

FIRST CAPITAL WEALTH FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For Six Months ended 30th September	2021	2020
	Unaudited	Unaudited
	Rs.	Rs.
Income	12,288,728	17,122,136
Direct expenses	(39,852)	-
Net trading income	12,248,876	17,122,136
Unrealised gain/ (loss) on fair valuation of financial assets recognised through profit or loss - measured at fair value	(4,118,725)	4,611,737
	8,130,151	21,733,873
Administration and other operating expenses	(1,901,959)	(2,140,951)
Reversal of Impairment of financial assets at amortised cost	-	101,678
Profit before taxation	6,228,192	19,694,600
Income tax expenses	-	-
Profit for the period	6,228,192	19,694,600
Increase in net assets attributable to unit holders	6,228,192	19,694,600

Figures in brackets indicate deductions.

The notes form an integral part of these financial statements.

**FIRST CAPITAL WEALTH FUND
STATEMENT OF FINANCIAL POSITION**

As at	30.09.2021 Unaudited Rs.	31.03.2021 Audited Rs.
Assets		
Cash at bank	1,026,167	137,959
Financial assets recognised through profit or loss - measured at fair value	144,230,099	154,431,589
Financial assets -at amortised cost	119,056,240	108,708,649
Other receivables	502,792	349,609
	<u>264,815,298</u>	<u>263,627,806</u>
Total Assets		
 Unit holders' funds and liabilities		
Liabilities		
Accruals and other payables	940,220	1,060,849
Borrowings on repurchase agreement	-	100,027
Total Liabilities	<u>940,220</u>	<u>1,160,876</u>
 Unit holders' funds		
Net assets attributable to unit holders	<u>263,875,078</u>	<u>262,466,930</u>
	<u>263,875,078</u>	<u>262,466,930</u>
 Total unit holders' funds and liabilities	 <u>264,815,298</u>	 <u>263,627,806</u>
 Net asset per unit (Rs.)	 1,168.01	 1,140.86

The notes form an integral part of these financial statements.

The Management Company of First Capital Wealth Fund is responsible for the preparation and presentation of these Financial Statements in accordance with the Sri Lanka Accounting Standards.

Approved by the Managing Company on 20th December 2021.



Mangala Jayashantha
Chief Financial Officer
First Capital Asset management Limited
Fund Management Company



Dilshan Wirasekara
Director/ Chief Executive Officer
First Capital Asset Management Limited
Fund Management Company



Dinesh Schaffter
Managing Director
First Capital Asset Management Limited
Fund Management Company

**FIRST CAPITAL WEALTH FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS**

For Six Months ended 30th September 2021	Unitholders' Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2020 (Audited)	459,528,060	144,317,827	603,845,887
Capital infused during the period	12,500	-	12,500
Capital redeemed during the period	(348,741,603)	-	(348,741,603)
Increase in net assets attributable to unit holders	-	19,694,600	19,694,600
Balance as at 30th September 2020 (Unaudited)	110,798,957	164,012,427	274,811,384
Balance as at 1st April 2021 (Audited)	112,545,187	149,921,743	262,466,930
Capital infused during the period	17,000	-	17,000
Capital redeemed during the period	(4,837,044)	-	(4,837,044)
Increase in net assets attributable to unit holders	-	6,228,192	6,228,192
Balance as at 30th September 2021 (Unaudited)	107,725,143	156,149,935	263,875,078

Figures in brackets indicate deduction.
The notes form an integral part of these financial statements.

**FIRST CAPITAL WEALTH FUND
STATEMENT OF CASH FLOWS**

For Six Months ended 30th September

	2021	2020
	Unaudited	Unaudited
	Rs.	Rs.
Cash flows from operating activities		
Profit before taxation	6,228,192	19,694,600
Adjustment for :		
Unrealised (gain)/loss on fair valuation of financial assets - at fair value through profit and loss	4,118,725	(4,611,737)
Reversal of impairment of financial assets at amortised cost	-	(101,678)
Operating profit before working capital changes	10,346,917	14,981,185
(Increase)/ decrease in financial assets -at fair value through profit or loss	6,082,764	24,134,446
(Increase)/ decrease in financial investments - at amortised cost	(10,347,591)	310,857,827
Increase in other receivables	(153,182)	(868,969)
Decrease in accrued expenses and other liabilities	(120,629)	(380,244)
Decrease in borrowings on repurchase agreement	(100,027)	-
Cash generated flows from operations	5,708,252	348,724,245
Net cash flows from operating activities	5,708,252	348,724,245
Net cash flows from/(used in) investing activities	-	-
Cash flows from/ (used in) financing activities		
Proceeds from units creation	17,000	12,500
Payment for units redemption	(4,837,044)	(348,741,603)
Net cash flows used in financing activities	(4,820,044)	(348,729,103)
Net cash inflows/ (outflows) for the period	888,208	(4,858)
Cash and cash equivalents at the beginning of the period	137,959	1,076,409
Cash and cash equivalents at the end of the period	1,026,167	1,071,551

Figures in brackets indicate deductions.

The notes form an integral part of these financial statements.

FIRST CAPITAL WEALTH FUND
NOTES TO THE FINANCIAL STATEMENTS

1. The number of Units represented by unitholders' funds as at 30th September 2021 is 225,918.
2. The above figures are subject to audit. The same accounting policies as in the Audited Financial Statements for the year ended 31st March 2021 have been followed in the preparation of the above financial statements.
3. There have been no material commitment and contingent liabilities as at the reporting date which require disclosures in the financial statements (No commitment and contingent liabilities as at 31st March 2021).
4. There have been no material events subsequent to the reporting date which require disclosures/ adjustments in the above interim financial statements other than the following;
 - First Capital Wealth Fund paid a dividend of Rs. 120/- per unit amounting to Rs. 27Mn in November 2021 for year 2020/21.

FIRST CAPITAL WEALTH FUND
INTERIM FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30TH SEPTEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

5 Financial instruments- Fair Value Measurement

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements in accordance with SLFRS 13.

Level - 1

Financial instruments that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level - 2

Financial instruments that are measured at fair value on a recurring basis. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined using relevant information generated by market transactions involving comparable securities.

Level - 3

Financial Instruments that are not supported by observable market prices information.

Due to the nature of the short term maturity, Carrying value of the financial asset at amortised cost are approximated to their fair value.

5.1 Fair values versus the Carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows;

	As at 30.09.2021		As at 31.03.2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.
Asset				
Financial assets measured at fair value				
Financial assets recognised through profit or loss - measured at fair value	144,230,099	144,230,099	154,431,589	154,431,589
	144,230,099	144,230,099	154,431,589	154,431,589
Financial assets not measured at fair value				
Cash at bank	1,026,167	1,026,167	137,959	137,959
Financial assets - at amortised cost	119,056,240	119,056,240	108,708,649	108,708,649
Other receivables	502,792	502,792	349,609	349,609
	120,585,199	120,585,199	109,196,217	109,196,217
Total financial assets	264,815,298	264,815,298	263,627,806	263,627,806
Financial liabilities not measured at fair value				
Accrued expenses and other liabilities	940,220	940,220	1,060,849	1,060,849
Borrowings on repurchase agreement	-	-	100,027	100,027
Total financial liabilities	940,220	940,220	1,160,876	1,160,876

FIRST CAPITAL WEALTH FUND
INTERIM FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30TH SEPTEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

5.2 Financial instruments- Fair Value

The following tables show an analysis of financial instruments at fair value and by level of fair value hierarchy.

As at 30th September 2021

Financial assets measured at fair value

Financial assets recognised through profit or loss - measured at fair value

- Investment in debentures

- Investment in securitized papers

- Investment in commercial papers

Financial assets not measured at fair value

Cash at bank

Financial assets - at amortised cost

Other receivables

Total financial assets

Financial liabilities not measured at fair value

Accruals and other payables

Total financial liabilities

	Level 1	Level 2	Level 3	Total Fair Value
	Rs.	Rs.	Rs.	Rs.
- Investment in debentures	-	58,855,880	-	58,855,880
- Investment in securitized papers	-	53,265,385	-	53,265,385
- Investment in commercial papers	-	32,108,834	-	32,108,834
	-	144,230,099	-	144,230,099
Cash at bank			1,026,167	1,026,167
Financial assets - at amortised cost	-	-	119,056,240	119,056,240
Other receivables			502,792	502,792
	-	-	120,585,199	120,585,199
Total financial assets	-	144,230,099	120,585,199	264,815,298
Accruals and other payables	-	-	940,220	940,220
Total financial liabilities	-	-	940,220	940,220

As at 31st March 2021

Financial assets measured at fair value

Financial assets recognised through profit or loss - measured at fair value

- Investment in debentures

- Investment in securitized papers

- Investment in commercial papers

Financial assets not measured at fair value

Cash at bank

Financial assets - at amortised cost

Other receivables

Total financial assets

Financial liabilities not measured at fair value

Accruals and other payables

Borrowings on repurchase agreement

Total financial liabilities

	Level 1	Level 2	Level 3	Total Fair Value
	Rs.	Rs.	Rs.	Rs.
- Investment in debentures	-	61,765,135	-	61,765,135
- Investment in securitized papers	-	60,320,071	-	60,320,071
- Investment in commercial papers	-	32,346,383	-	32,346,383
	-	154,431,589	-	154,431,589
Cash at bank			137,959	137,959
Financial assets - at amortised cost	-	-	108,708,649	108,708,649
Other receivables			349,609	349,609
	-	-	109,196,217	109,196,217
Total financial assets	-	154,431,589	109,196,217	263,627,806
Accruals and other payables	-	-	1,060,849	1,060,849
Borrowings on repurchase agreement	-	-	100,027	100,027
Total financial liabilities	-	-	1,160,876	1,160,876

FIRST CAPITAL WEALTH FUND

INTERIM FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30TH SEPTEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

5.3 Measurement of fair values

5.3 (a) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation Technique	Significant Unobservable Inputs
Investment in debentures	The valuation model is based on Yield Curve of the Government Securities. Yields relating to Government Securities based on the maturities of the respective debenture is interpolated in the valuation considering the initial risk premiums (at the time of issue) of the investee companies are constant as at the reporting date.	Risk premium of the investee companies (5.20% - 6.19%)
Investment in commercial papers	The valuation model is based on Yield Curve of the Government Securities. Yields relating to Government Securities based on the maturities of the respective commercial paper is interpolated in the valuation considering the initial risk premiums (at the time of issue) of the investee companies are constant as at the reporting date.	Risk premium of the investee company (3.78%)
Investment in Securitized papers	The valuation model is based on Yield Curve of the Government Securities. Yields relating to Government Securities based on the maturities of the respective securitized paper is interpolated in the valuation considering the initial risk premiums (at the time of issue) of the investee companies are constant as at the reporting date.	Risk premium of the investee companies (4.73% - 7.06%)

FIRST CAPITAL WEALTH FUND

INTERIM FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30TH SEPTEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

5.4 Financial instruments - Accounting classifications

As at 30th September 2021

	Financial assets - FVTPL	Financial assets/ liabilities at amortised cost	Total carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value				
Financial assets - FVTPL	144,230,099	-	144,230,099	144,230,099
	144,230,099	-	144,230,099	144,230,099
Financial assets not measured at fair value				
Cash at bank	-	1,026,167	1,026,167	1,026,167
Financial assets - at amortised cost	-	119,056,240	119,056,240	119,056,240
Other receivables	-	502,792	502,792	502,792
	-	120,585,199	120,585,199	120,585,199
Total financial assets	144,230,099	120,585,199	264,815,298	264,815,298
Financial liabilities not measured at fair value				
Accrued expenses and other liabilities	-	-	940,220	940,220
Total financial liabilities	-	-	940,220	940,220

As at 31st March 2021

	Financial assets - FVTPL	Financial assets/ liabilities at amortised cost	Total carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value				
Financial assets - FVTPL	154,431,589	-	154,431,589	154,431,589
	154,431,589	-	154,431,589	154,431,589
Financial assets not measured at fair value				
Cash at bank	-	137,959	137,959	137,959
Financial assets - at amortised cost	-	108,708,649	108,708,649	108,708,649
Other receivables	-	349,609	349,609	349,609
	-	109,196,217	109,196,217	109,196,217
Total financial assets	154,431,589	109,196,217	263,627,806	263,627,806
Financial liabilities not measured at fair value				
Accrued expenses and other liabilities	-	-	1,060,849	1,060,849
Borrowings on repurchase agreement	-	-	100,027	100,027
Total financial liabilities	-	-	1,160,876	1,160,876